

## ***University of Arizona - Health Sciences Center***

	FY 2012 ACTUAL	FY 2013 ESTIMATE	FY 2014 APPROVED
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	979.1	1,009.1	1,054.1 <sup>1/</sup>
Personal Services	49,591,500	53,991,600	53,991,600
Employee Related Expenditures	14,049,200	14,687,900	14,687,900
Professional and Outside Services	816,000	480,700	480,700
Travel - In State	27,800	42,000	42,000
Travel - Out of State	93,700	7,700	7,700
Other Operating Expenditures	5,129,400	4,276,700	4,276,700
Equipment	942,100	186,800	186,800
<b>OPERATING SUBTOTAL</b>	<b>70,649,700</b>	<b>73,673,400</b>	<b>73,673,400</b>
<b>SPECIAL LINE ITEMS</b>			
Clinical Rural Rotation	341,100	357,600	357,600
Clinical Teaching Support	8,587,000	8,587,000	8,587,000
Liver Research Institute	452,900	458,500	458,500
Phoenix Medical Campus	15,647,600	20,575,200	28,575,200
Telemedicine Network	1,924,900	1,853,900	1,853,900
<b>AGENCY TOTAL</b>	<b>97,603,200</b>	<b>105,505,600 <sup>2/</sup></b>	<b>113,505,600 <sup>3/4</sup></b>
<b>FUND SOURCES</b>			
General Fund	56,397,500	61,585,300	69,585,300 <sup>5/6</sup>
<u>Other Appropriated Funds</u>			
University Collections Fund	41,205,700	43,920,300	43,920,300 <sup>7/</sup>
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>41,205,700</b>	<b>43,920,300</b>	<b>43,920,300</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>97,603,200</b>	<b>105,505,600</b>	<b>113,505,600</b>
Other Non-Appropriated Funds	162,262,900	167,131,100	172,030,900
Federal Funds	105,992,600	109,172,200	112,351,500
<b>TOTAL - ALL SOURCES</b>	<b>365,858,700</b>	<b>381,808,900</b>	<b>397,888,000</b>

**AGENCY DESCRIPTION** — In 1994, the University of Arizona (UA) joined its Colleges of Medicine, Nursing, Pharmacy, and Public Health, its School of Health Professions, the University Medical Center, and university physicians into the Arizona Health Sciences Center (UA-HSC). UA-HSC enrolls over 4,320 undergraduate and graduate students at its 48-acre campus in Tucson. UA-HSC currently operates a medical campus in Phoenix that opened in FY 2006. The Colleges of Pharmacy and Public Health also have a presence on the Phoenix Biomedical campus, which has increased its enrollment to 339 medical and Master of Public Health students.

- <sup>1/</sup> Includes 424.9 GF FTE Positions funded from Special Line Items in FY 2014, including 212 FTE Positions, all filled by students and associated with the Clinical Teaching Support Special Line Item.
- <sup>2/</sup> In addition to these amounts, the FY 2013 General Appropriation Act included a one-time FY 2013 adjustment of \$(233,700) GF for a state employee health insurance premium holiday. (Please see the FY 2013 General Fund Adjustments section.)
- <sup>3/</sup> The appropriated monies shall not be used for scholarships or any student newspaper. (General Appropriation Act footnote)
- <sup>4/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.
- <sup>5/</sup> The state General Fund appropriations shall not be used for alumni association funding. (General Appropriation Act footnote)
- <sup>6/</sup> It is the intent of the Legislature that the General Fund base funding for University of Arizona - Health Sciences Center is \$69,585,300. This appropriation includes a deferral of \$16,776,700 from FY 2014 to FY 2015. This deferral shall be paid as required in this act. (General Appropriation Act footnote) The \$16,776,700 deferral amount was appropriated by Laws 2012, Chapter 294.
- <sup>7/</sup> Any unencumbered balances remaining in the collections account on June 30, 2013 and all collections received by the university during the fiscal year, when paid into the State Treasury, are appropriated for operating expenditures, capital outlay and fixed charges. Earnings on state lands and interest on the investment of the Permanent Land Funds are appropriated in compliance with the Enabling Act and the Constitution of Arizona. No part of this appropriation may be expended for supplemental life insurance or supplemental retirement. Receipts from summer session, when deposited in the State Treasury, together with any unencumbered balance in the summer session account, are appropriated for the purpose of conducting summer sessions but are excluded from the amounts enumerated above. (General Appropriation Act footnote)

## ***Operating Budget***

The budget includes \$73,673,400 and 629.2 FTE Positions in FY 2014 for the operating budget. These amounts consist of:

	<b>FY 2014</b>
General Fund	\$34,420,700
University Collections Fund	39,252,700

These amounts are unchanged from FY 2013.

Student enrollment growth and tuition and fee increases for students will contribute to an increase in university tuition and fee collections and the University Collections Fund amount will ultimately be adjusted to reflect these additional revenues. (*See the Arizona Board of Regents (ABOR) narrative for a discussion of performance funding.*)

## ***Clinical Rural Rotation***

The budget includes \$357,600 and 6.1 FTE Positions from the General Fund in FY 2014 for the Clinical Rural Rotation program. These amounts are unchanged from FY 2013.

This line item funds the Rural Health Professions Program, which enables nurse practitioner, medical, and pharmacy students to plan and complete clinical practice rotations in rural and medically under-served sites throughout the state.

## ***Clinical Teaching Support***

The budget includes \$8,587,000 and 212 FTE Positions from the General Fund in FY 2014 for Clinical Teaching Support. These amounts are unchanged from FY 2013.

Clinical Teaching Support provides hospital training, through internships and residencies, for medical, nursing, clinical, and other health students in a wide variety of specialty areas. Students fill all the above-mentioned FTE Positions. Since participation in the program has been stable for several years, the funding summary above includes these FTE Positions.

## ***Liver Research Institute***

The budget includes \$458,500 and 6.5 FTE Positions from the General Fund in FY 2014 for the Liver Research Institute. These amounts are unchanged from FY 2013.

The Liver Research Institute conducts clinical studies on all liver diseases, focusing on chemical and natural agents that may offer a cure for such ailments. The line item also supports a research development program that actively pursues outside grants and donations.

## ***Phoenix Medical Campus***

The budget includes \$28,575,200 and 185.4 FTE Positions in FY 2014 for the Phoenix Medical Campus (PMC). These amounts consist of:

General Fund	23,907,600
University Collections Fund	4,667,600

These amounts fund the following adjustments:

### **Student Population Expansion**

The budget includes an increase of \$8,000,000 and 45 FTE Positions from the General Fund in FY 2014 to increase each year's class size to 80 students, in addition to funding additional faculty and support staff.

The Phoenix Biomedical Campus currently has 287 medical students. By FY 2025, UA envisions developing a campus of approximately 1,200,000 square feet incorporating research, instruction, and clinical facilities to serve a planned population of 480 medical students, 250 graduate students, and 1,660 science students.

Laws 2008, Chapter 287 as amended by Laws 2009, 1<sup>st</sup> Special Session, Chapter 6 and Laws 2009, 3<sup>rd</sup> Special Session, Chapter 9 authorized ABOR to enter into lease-to-own and bond transactions up to a maximum of \$800,000,000 to pay for building renewal projects and new facilities of which ABOR is required to allocate \$376,000,000 for the Phoenix Biomedical Campus.

The first phase of this project included \$172,940,000 in university lottery bonding for construction of the Health Sciences and Education Building and renovation of the Arizona Biomedical Collaborative 1 Building. Bonds for the first phase totaling \$121,126,000 were issued by UA in June 2010 and construction was completed in spring 2012. (*For additional information on university lottery bonding, please see the Capital Outlay - ABOR Building System section of this report.*)

In addition to the lottery bonding funding, the universities also received a \$15,000,000 federal grant to build an animal-related research building on the Phoenix Biomedical Campus for animal-related research. Since this was a federal grant, the Joint Committee on Capital Review (JCCR) review was not required. This project was completed in spring 2012.

In December 2012, the Joint Committee on Capital Review favorably reviewed UA's planned system revenue bond issuance of \$73,200,000 to fund a portion of the UA Cancer Center on the Phoenix Biomedical Campus. The bond was issued in February 2013 and the debt service will be paid with university system revenues, rather than lottery revenues.

In April 2013, the Joint Committee on Capital Review favorably reviewed UA's planned SPEED bond issuance of \$9,200,000 to build out shell space of the Health Sciences Education Building on the Phoenix Biomedical Campus. The bond was issued in May 2013 and the debt service will be paid with 80% from Lottery revenues and 20% from university system revenues

#### ***Telemedicine Network***

The budget includes \$1,853,900 and 14.9 FTE Positions from the General Fund in FY 2014 for the Telemedicine Network. These amounts are unchanged from FY 2013.

Telemedicine is the use of computers, video imaging, broadband Internet channels, and other telecommunication technologies to diagnose and treat patients in rural communities and state penitentiaries

#### ***Other Issues***

##### ***Payment Deferral***

The budget includes \$16,776,700 from the General Fund for FY 2013 payments that were deferred until FY 2014 and includes a FY 2014 General Fund payment deferral of \$(16,776,700) until FY 2015. These amounts constitute a portion of a \$200,000,000 universitywide payment deferral. The payment deferral is unchanged from FY 2011. (*Please see ABOR for more information.*)

The FY 2014 General Fund Baseline is \$69,585,300. Of this amount:

- \$52,808,600 was included in UA-HSC's individual section of the FY 2014 General Appropriation Act.
- \$16,776,700 was appropriated in the FY 2013 General Appropriation Act (Laws 2012, Chapter 294) to reflect the deferral of FY 2013 monies to FY 2014.